

Readings in Marketing : An Islamic Perspective

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An Islamic Perspective

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CHAPTER 10

Muslim Consumers' Perspectives on Islamic Pricing Practices

Mohd Ismail Ahmad* & Santhapparaj A *

ABSTRACT

Muslim consumers are currently faced with a broad selection of products and services. Furthermore, each product category offers many different choices, originating from local or international sources. This study investigates the Muslim consumers' perspectives in Malaysia regarding various product choices available to them. As good practising Muslims they would like to see that the products they buy are delivered to them by businesses conforming to the Sunnah and recommended practices of Islam. Although the Muslim consumers have positive perspectives regarding the practices of businesses, they cannot always be sure that the recommended Islamic marketing practices have been adhered to by the businesses that produce and market the goods.. This causes a dilemma for the Muslim consumers. Ideally they would like to feel confident that the businesses that supply them with goods are 'Shariah' compliant (meets Islamic requirements) thus enabling the consumers in turn to feel they are doing the right purchase decisions as recommended in Islam. In this study, Muslim family households were interviewed using a structured questionnaire to collect the necessary information according to the objectives of this research. A convenience

sampling method was employed for data collection due to time and cost constraints. However, the information was obtained from a large sample of 400 respondents drawn from Muslim households located in all the key States of West Malaysia. Analyses of the data revealed amongst others, that Muslim consumers in Malaysia' have strong perceptions, regarding the adherence of businesses with respect to Islamic marketing practices. Selected Islamic pricing methods and guidelines such as, Halal rules, 'Maisir', 'Tatfif' and price fixing were investigated and the results are discussed below.

INTRODUCTION

The nature, concept, and principles of Islam is not only a religion but also a way of life, where the economy is based on Shariah which is principally found in Qur'an (word of Allah, s.w.t) and the Hadith (sayings of Prophet Muhammad, s.a.w) (Panda, 2005). According to Panda (2005), the Islamic economy aims to address the demand of an expanded service area of economic activities. This provides a better opportunity to strengthen the position and strategies of individuals, groups and nation in business activities. This includes having proper business relations in terms of exchanging food and raw materials for finished products.

It is widely known that Islam has, since the beginning, encouraged businessmen to actively participate in trade, investment and industry. In the eighth century enlightened Spanish Muslims such as Abdul Qasim and others were writing treaties on the principles of trade and commercial laws and rates. Islam has encouraged international trade not only for economic cooperation but also for